
GOVERNMENT OF THE DISTRICT OF COLUMBIA



**DEPARTMENT OF HOUSING AND
COMMUNITY DEVELOPMENT**

TESTIMONY OF
VICTOR L. SELMAN
INTERIM DIRECTOR

**SPENDING AND PERFORMANCE OVERSIGHT
HEARING FOR THE FISCAL YEAR 2006 AND FISCAL
YEAR 2007 BUDGETS OF THE DEPARTMENT OF
HOUSING AND COMMUNITY DEVELOPMENT**

COMMITTEE ON HOUSING AND URBAN AFFAIRS
THE HONORABLE MARION BARRY, CHAIRMAN
COUNCIL OF THE DISTRICT OF COLUMBIA

WEDNESDAY, FEBRUARY 21, 2007

JOHN A. WILSON BUILDING
1350 PENNSYLVANIA AVENUE, NW
WASHINGTON, DC 20004

GOOD MORNING CHAIRMAN BARRY AND MEMBERS OF THE COMMITTEE ON HOUSING AND URBAN AFFAIRS. I AM VICTOR SELMAN, INTERIM DIRECTOR OF THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT, REFERRED TO AS DHCD OR THE DEPARTMENT. HERE AT THE TABLE WITH ME TODAY IS GEORGE DINES, AGENCY FISCAL OFFICER, WHO WILL ASSIST IN RESPONDING TO ANY QUESTIONS YOU MAY HAVE.

I AM PLEASED TO APPEAR BEFORE THE COMMITTEE TODAY TO REPORT ON THE DEPARTMENT'S PROGRAMS, ACCOMPLISHMENTS, AND CHALLENGES FOR FISCAL YEAR 2006 AND THE FIRST QUARTER OF FISCAL YEAR 2007.

THE DEPARTMENT'S MISSION IS TO PRESERVE, REHABILITATE AND PROMOTE THE DEVELOPMENT OF AFFORDABLE HOUSING, INCREASE HOMEOWNERSHIP OPPORTUNITIES, AND SUPPORT COMMUNITY REVITALIZATION FOR THE DISTRICT'S LOW-TO-MODERATE INCOME RESIDENTS. OUR MISSION IS CRITICAL DUE TO THE AFFORDABLE HOUSING CRISIS THAT FACES THE DISTRICT. THE DEPARTMENT HAS BEEN WORKING AND WILL CONTINUE TO WORK AGGRESSIVELY IN PURSUIT OF OUR MISSION.

ORGANIZATION/FTE'S

THE DEPARTMENT HAS A TOTAL OF 145 FULL TIME EQUIVALENT (FTE) POSITIONS. THESE POSITIONS ARE DISTRIBUTED AS FOLLOWS:

- 1. 42 POSITIONS ARE ASSIGNED TO AGENCY MANAGEMENT, WHICH INCLUDES HUMAN RESOURCES, COMMUNICATIONS, INFORMATION TECHNOLOGY, AND PERFORMANCE MANAGEMENT;**
- 2. 12 POSITIONS ARE ASSIGNED TO AGENCY FISCAL OPERATIONS;**
- 3. 49 POSITIONS ARE DEDICATED TO DEVELOPMENT FINANCE, WHICH INCLUDES THE ADMINISTRATION OF OUR MULTI-FAMILY REHABILITATION AND NEW CONSTRUCTION PROGRAMS;**
- 4. 12 POSITIONS ARE DEDICATED TO IMPLEMENTING THE DEPARTMENT'S NEIGHBORHOOD-BASED ACTIVITIES PROGRAMS;**
- 5. 18 POSITIONS ARE RESERVED TO ASSIST INDIVIDUAL LOW AND MODERATE INCOME HOUSEHOLDS SEEKING HOMEOWNERSHIP OPPORTUNITIES AND HOME REHABILITATION ASSISTANCE; AND**
- 6. 12 POSITIONS ARE FOR MONITORING AND ENSURING THE COMPLIANCE OF OUR ACTIVITIES WITH LOCAL AND FEDERAL STATUTES AND REGULATIONS.**

SUCCESSES

I AM PLEASED TO REPORT THAT IN FISCAL YEAR 2006, OVERALL, THE DEPARTMENT CONTINUED TO INCREASE ITS SPENDING TO MEET OUR COMMUNITY'S CHALLENGES. THE DEPARTMENT EXPENDED MORE THAN \$152 MILLION IN FISCAL YEAR 2006, AN INCREASE OF 60% OVER FISCAL YEAR 2005. IN ADDITION, ALL BUDGETED FISCAL YEAR 2006 FUNDS THAT WERE NOT SPENT WERE EITHER EARMARKED, COMMITTED, OR OBLIGATED FOR AFFORDABLE HOUSING, HOME OWNERSHIP OR COMMUNITY DEVELOPMENT ACTIVITIES.

IN FISCAL YEAR 2006, THE MAJORITY OF THE DEPARTMENT'S SPENDING CAME FROM FOUR (4) PRINCIPAL SOURCES.

- 1. \$92.0 MILLION SPENT IN COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUNDS, AN INCREASE OF \$48.7 MILLION, OR 113%, OVER FISCAL YEAR 2005 EXPENDITURES;**
- 2. \$7.0 MILLION SPENT IN HOME INVESTMENT PARTNERSHIPS (HOME) FUNDS, A DECREASE OF \$5.0 MILLION, OR -42%, UNDER FISCAL YEAR 2005 EXPENDITURES;**

- 3. \$42.4 MILLION SPENT IN HOUSING PRODUCTION TRUST FUND (HPTF) DOLLARS, AN INCREASE OF \$11.1 MILLION, OR 35%, OVER FISCAL YEAR 2005 EXPENDITURES; AND**
- 4. \$6.6 MILLION SPENT IN HOME PURCHASE ASSISTANCE PROGRAM (HPAP) REPAYMENT DOLLARS, AN INCREASE OF \$3.4 MILLION, OR 110.8%, OVER FISCAL YEAR 2005 EXPENDITURES.**

IN ADDITION, THE DEPARTMENT:

- OVERSAW THE SPENDING OF \$449,795 IN EMERGENCY SHELTER GRANT (ESG) FUNDS;**
- SPENT \$523,912 IN LEAD GRANT DOLLARS; AND**
- SPENT AN ADDITIONAL \$170,343 IN SINGLE FAMILY REHABILITATION REPAYMENT DOLLARS.**

THE DECREASE IN THE DEPARTMENT'S HOME EXPENDITURES IS ATTRIBUTED TO HIGHER THAN NORMAL EXPENDITURES DUE TO THE CLOSING OF ONE LARGE PROJECT FOR \$6 MILLION. THE FISCAL YEAR 2006 SPENDING OF \$7 MILLION IS MORE IN LINE WITH PREVIOUS YEARS.

THE DEPARTMENT'S SPENDING FROM ITS TWO LARGEST FUNDING SOURCES, CDBG AND HPTF (TRUST FUND), INCREASED SIGNIFICANTLY. IT IS ALSO IMPORTANT TO NOTE THE EMERGENCE OF THE HOUSING PRODUCTION

TRUST FUND AS ONE OF THE DEPARTMENT'S MOST SIGNIFICANT FUNDING SOURCES.

THIS SPENDING RATE AND LEVEL ARE INDICATIVE OF THE DEPARTMENT'S STRONG EFFORTS TO MORE QUICKLY FUND PROJECTS IN ACCORDANCE WITH THE DIRE NEED FOR AFFORDABLE HOUSING.

FINANCING MULTI-FAMILY HOUSING DEVELOPMENT

DURING THE PAST YEAR, WE HAVE USED THREE (3) KEY VEHICLES FOR FINANCING MULTI-FAMILY HOUSING DEVELOPMENT. THE FIRST IS THE REQUEST FOR PROPOSALS, OR RFP, PROCESS.

IN RESPONSE TO THE PRESSING NEED FOR AFFORDABLE HOUSING IN THE DISTRICT, AND TO FURTHER RATIONALIZE THE FUNDING PROCESS, THE DEPARTMENT BEGAN ISSUING TWO (2) RFPS PER FISCAL YEAR IN FISCAL YEAR 2005, THEREBY INCREASING ACCESS TO THE DEPARTMENT'S DEVELOPMENT FINANCING.

THE DEPARTMENT AGAIN ISSUED TWO RFPS IN FISCAL YEAR 2006, TOTALING \$86 MILLION, AND WE ARE CONTINUING THIS PRACTICE IN FISCAL YEAR 2007.

THE FIRST RFP FOR THIS FISCAL YEAR WAS ISSUED IN SEPTEMBER OF 2006 FOR \$45 MILLION, AND ANOTHER FOR

APPROXIMATELY \$45 MILLION WILL BE ISSUED IN APRIL 2007.

IN RESPONSE TO COMMUNITY FEEDBACK, THE DEPARTMENT EXPANDED ITS PRE-PROPOSALS TRAINING SESSIONS AND OUTREACH. THIS PRACTICE HAS RESULTED IN INCREASED APPLICATIONS FOR FUNDING AND AN IMPROVEMENT IN THE QUALITY OF THE PROPOSALS. FOR THE SEPTEMBER 2006 RFP, THE DEPARTMENT HELD FIVE (5) SUCH TRAINING SESSIONS IN VARIOUS LOCATIONS THROUGHOUT THE CITY.

THROUGH THE RFP PROCESS, THE DEPARTMENT PROVIDED FUNDING FOR 2,882 UNITS OF AFFORDABLE HOUSING IN FISCAL YEAR 2006. THIS REPRESENTS 29 PROJECTS WITH A TOTAL DEVELOPMENT COST OF JUST OVER \$350 MILLION, THUS, GENERATING A LEVERAGE FACTOR OF PUBLIC/PRIVATE DOLLARS OF 2.5 TO 1. EXAMPLES OF PROJECTS FUNDED INCLUDE:

- 1. MAYFAIR MANSIONS - A TENANT FIRST RIGHT PURCHASE OF A 569-UNIT, SEVENTEEN-BUILDING COMPLEX IN THE KENILWORTH PARKSIDE AREA OF WARD 7 THAT SERVES EXTREMELY LOW INCOME POPULATIONS.**

THE DEPARTMENT PROVIDED \$24.2 MILLION TO THE JOINT VENTURE BY COMMUNITY PRESERVATION DEVELOPMENT CORPORATION AND MARSHALL HEIGHTS CDO FOR THIS PROJECT. THE TOTAL ACQUISITION COST OF THE PROPERTY WAS \$63 MILLION;

2. SOUTHVIEW APARTMENTS - A 257-UNIT, MULTI-FAMILY PROJECT IN WARD 8. THE DEPARTMENT FUNDED \$5.8 MILLION OF THE \$29.3 MILLION TOTAL DEVELOPMENT COST FOR THIS PROJECT;

3. TWO HOPE VI PROJECTS, ARTHUR CAPPER/CARROLLSBURG AND HENSON RIDGE, LOCATED IN WARD 6 AND WARD 8 RESPECTIVELY. THE DEPARTMENT WORKED WITH THE DC HOUSING AUTHORITY AND PROVIDED \$2 MILLION FOR SITE INFRASTRUCTURE AT ARTHUR CAPPER/CARROLLSBURG AND \$2.5 MILLION FOR SITE INFRASTRUCTURE AT HENSON RIDGE; AND

4. THE FUNDING OF FIVE (5) SPECIAL NEEDS PROJECTS IN FISCAL YEAR 2006 FOR A TOTAL OF 72 UNITS IN WARDS 1, 4, AND 8. THESE PROJECTS HAVE A TOTAL DEVELOPMENT COST OF \$8.6

**MILLION, OF WHICH \$6.6 MILLION WAS FUNDED
BY THE DEPARTMENT.**

**THE SECOND VEHICLE FOR FINANCING MULTI-FAMILY
PROJECTS IS THE *TENANT PURCHASE TECHNICAL
ASSISTANCE PROGRAM AND FIRST RIGHT PURCHASE
PROGRAM***

**IN 2006, THE DEPARTMENT ASSISTED MORE THAN 8,000
FAMILIES WITH EITHER TECHNICAL OR FINANCIAL
ASSISTANCE THROUGH ITS TENANT TECHNICAL
ASSISTANCE PROGRAM AND ITS FIRST RIGHT PURCHASE
PROGRAM. EXAMPLES OF PROJECTS FUNDED ARE:**

- (1) FUNDING TO CONVERT 74 UNITS FROM RENTAL TO
HOMEOWNERSHIP AT THE MARTIN LUTHER KING
JR. LATINO COOPERATIVE IN WARD 2. THE
DEPARTMENT PROVIDED \$8.3 MILLION TO THE
TENANTS TO PURCHASE THEIR UNITS; AND**
- (2) FUNDING TO CONVERT 22 UNITS FROM RENTAL TO
HOMEOWNERSHIP THROUGH THE CRESTWOOD
TENANTS ASSOCIATION IN WARD 1. THE
DEPARTMENT PROVIDED \$3.4 MILLION IN
FUNDING.**

**THE THIRD VEHICLE FOR FINANCING IS THE *SITE
ACQUISITION FUNDING INITIATIVE (SAFI)*.**

LATE IN FISCAL YEAR 2005, THE DEPARTMENT FULLY FUNDED A NEW, INNOVATIVE INITIATIVE CALLED THE SITE ACQUISITION FUNDING INITIATIVE (SAFI). SAFI PROVIDES HPTF LOAN FUNDING TO COMPETITIVELY SELECTED FINANCIAL INSTITUTIONS, WHO IN TURN MATCH THE DEPARTMENT'S FUNDING TO PROVIDE EASILY ACCESSIBLE, LOW INTEREST LOANS TO AFFORDABLE HOUSING NON-PROFIT DEVELOPERS FOR ACQUISITION AND PRE-DEVELOPMENT.

IN FISCAL YEAR 2005, WE PROVIDED \$15 MILLION IN FUNDING TO THREE (3) LENDERS. TWO ADDITIONAL LENDERS WERE ADDED IN 2006, THUS INCREASING THE TOTAL FUNDING TO \$20 MILLION AS OF DECEMBER 31, 2006. THE DEPARTMENT PLANS TO PROVIDE AN ADDITIONAL \$5 MILLION TO SAFI LENDERS IN THIS FISCAL YEAR. SINCE THE PROGRAM BEGAN, THE SELECTED LENDERS HAVE PROVIDED FUNDING FOR THE ACQUISITION OF 14 PROPERTIES FOR AFFORDABLE HOUSING PROJECTS, WITH OVER \$23 MILLION IN TOTAL LOAN AMOUNTS. OF THAT TOTAL, \$9 MILLION IN FUNDING COMES FROM THE SAFI FUND, WHICH MEANS THAT PUBLIC FUNDS ARE LEVERAGED CLOSE TO A 2 TO 1 RATIO. THESE FUNDS ARE FOR ACQUISITION OF PROPERTY AND PRE-DEVELOPMENT ACTIVITIES ONLY. IT

IS CONSERVATIVELY ESTIMATED THAT THESE INVESTMENTS WOULD EVENTUALLY YIELD SOMEWHERE IN THE AREA OF 650 UNITS OF AFFORDABLE HOUSING WITHIN THE NEXT 2 TO 3 YEARS.

THE SAFI PROGRAM HAS PROVEN TO BE VERY SUCCESSFUL, AND WE HAVE LEARNED THAT OTHER CITIES ARE LOOKING TO DEVELOP PROGRAMS BASED ON OUR SAFI MODEL, WHICH COULD BECOME A BENCHMARK FOR THE INDUSTRY.

WE WOULD LIKE TO RECOGNIZE THE SELECTED LENDERS: CITY FIRST BANK OF DC, CORNERSTONE, INC., ENTERPRISE HOUSING FINANCIAL SERVICES, AND THE WASHINGTON AREA HOUSING TRUST FUND. THESE LENDERS, ALONG WITH OUR NON-PROFIT AFFORDABLE HOUSING DEVELOPERS, HAVE WORKED HARD AND COLLABORATIVELY WITH THE DEPARTMENT TO MAKE THIS PROGRAM A SUCCESS.

FINANCING COMMUNITY FACILITIES

THE DEPARTMENT, THROUGH ITS RFP PROCESS, CONTINUES TO INVEST IN SIGNIFICANT COMMUNITY DEVELOPMENT PROJECTS THAT HELP STABILIZE THE DISTRICT'S NEIGHBORHOODS.

**EXAMPLES OF PROJECTS FUNDED IN FISCAL YEAR 2006
INCLUDE:**

- **THE YOUTH RECREATION CENTER AT ST. THOMAS MORE IN WARD 8, WHERE WE PROVIDED \$2.0 MILLION IN FUNDING. CONSTRUCTION STARTED IN THE SUMMER OF 2006 AND WILL BE COMPLETED IN 2007.**
- **IN ADDITION, THE DEPARTMENT PROVIDED \$1.8 MILLION TO THE PATRICIA SITAR CENTER FOR THE ARTS IN WARD 1 FOR THE ACQUISITION OF SPACE FOR ITS OFFICES AND ARTS PROGRAM.**

ANOTHER EXAMPLE OF HOW THE DEPARTMENT INVESTS IN THE COMMUNITY IS THE “THE ARC”, A STATE OF THE ART COMMUNITY FACILITY ON MISSISSIPPI AVENUE, IN WHICH WE INVESTED \$7 MILLION. THIS FACILITY IS POSITIVELY CHANGING LIVES IN THAT AREA OF WARD 8 AND THE SURROUNDING COMMUNITIES.

ASSISTANCE TO FIRST-TIME HOMEBUYERS AND HOMEOWNERS

WE CONTINUE TO PROVIDE ASSISTANCE TO FIRST TIME HOMEBUYERS THROUGH OUR HOME PURCHASE ASSISTANCE PROGRAM (HPAP) AND THE EMPLOYER ASSISTED HOUSING PROGRAM (EAHP). THESE HOMEBUYER ASSISTANCE PRODUCTS PROVIDE INTEREST-FREE LOANS TO

QUALIFIED DISTRICT RESIDENTS AND DC GOVERNMENT EMPLOYEES FOR DOWN PAYMENT AND CLOSING COST ASSISTANCE. THE DEPARTMENT PROVIDED 278 HOMEBUYER ASSISTANCE LOANS IN FISCAL YEAR 2006.

THE PRECEDING THREE (3) YEARS, FROM 2003 THROUGH 2005, PROVED TO BE A VERY CHALLENGING PERIOD FOR OUR HPAP HOMEBUYER WHEN PRICES IN THE REAL ESTATE MARKET DRAMATICALLY OUTPACED GROWTH IN HOUSEHOLD INCOME.

OUR HPAP CLIENTS INVARIABLY FOUND THAT THE LEVEL OF HPAP ASSISTANCE THEN ALLOWED COULD NOT FILL THE GAP BETWEEN THE PREVAILING PRICE OF HOMES AND THE AMOUNT OF FIRST TRUST MORTGAGES FOR WHICH THEY COULD QUALIFY. IN 2006, THE COUNCIL APPROVED THE DEPARTMENT'S PROPOSED CHANGES TO THE HPAP PROGRAM THAT NOW ALLOW THE DEPARTMENT (1) THE FLEXIBILITY OF SETTING THE ASSISTANCE LEVELS, WITH GREATER FREQUENCY SO AS TO BE MUCH MORE RESPONSIVE TO MARKET CONDITIONS AND BUDGET; (2) REDUCING THE MINIMUM CONTRIBUTION REQUIRED OF THE HOMEBUYER; AND (3) EASING REPAYMENT TERMS. WHEN THE CHANGES WERE IMPLEMENTED ON JUNE 30 OF LAST YEAR, THEY HAD AN IMMEDIATE POSITIVE EFFECT ON THE UTILITY OF THE HPAP PROGRAM, EVIDENCED BY 115

HOMEBUYER ASSISTANCE LOANS CLOSED IN THE FINAL QUARTER OF THE FISCAL YEAR, COMPARED TO 163 LOANS CLOSED IN THE IMMEDIATE PRECEDING FIRST THREE QUARTERS COMBINED. HPAP LOANS WERE PROVIDED TO RESIDENTS IN EACH OF THE EIGHT WARDS.

IN ADDITION, A STATUTORY CHANGE TO THE EMPLOYER ASSISTED HOUSING PROGRAM, MADE AT THE END OF FISCAL YEAR 2006, INCREASES THE VIABILITY OF THAT PROGRAM FOR DISTRICT GOVERNMENT EMPLOYEES BY ALLOWING EMPLOYEES TO ACCESS ASSISTANCE FROM BOTH THE HPAP AND EAHP PROGRAMS SIMULTANEOUSLY, TO THE EXTENT THAT APPLICANTS QUALIFY FOR BOTH PROGRAMS. THIS CHANGE IS LIKELY TO RESULT IN FAR GREATER UTILITY OF THE EAHP PROGRAM BEGINNING IN FISCAL YEAR 2007.

THE DEPARTMENT'S HOMEBUYER ASSISTANCE PROGRAMS HAVE SET A STANDARD FOR OTHER AFFORDABLE HOUSING PROGRAMS IN THE AREA. THE CURRENT ASSISTANCE LEVEL AND THE DEPARTMENT'S ABILITY TO RESPOND TO MARKET TRENDS MAKES THIS PROGRAM A SUCCESS.

IN ADDITION TO THE FIRST-TIME HOMEBUYER PROGRAM, THE DEPARTMENT ALSO PROVIDES FINANCIAL ASSISTANCE TO EXISTING DISTRICT HOMEOWNERS THROUGH THE DEPARTMENT'S SINGLE FAMILY RESIDENTIAL

REHABILITATION PROGRAM. THIS PROGRAM OFFERS FINANCING TO OUR ELDERLY AND LOW-INCOME RESIDENTS FOR A RANGE OF HOME REHABILITATION SERVICES, INCLUDING ROOF REPAIRS AND REPLACEMENT. IN FISCAL YEAR 2006, THE PROGRAM AWARDED LOAN AND GRANT FUNDING TO 86 HOUSEHOLDS. THE SUCCESS OF THIS PROGRAM IN BOTH 2005 AND 2006 STEMS FROM SIGNIFICANT PROGRAM STREAMLINING AND OPERATIONAL IMPROVEMENTS MADE IN 2004 AND 2005, AS WELL AS A HIGH DEMAND FOR LEAD-BASED WATER SERVICE LINE REPLACEMENTS, AN INITIATIVE FIRST UNDERTAKEN IN FISCAL YEAR 2004.

NEIGHBORHOOD SERVICES

THE DEPARTMENT SUPPORTS COMMUNITY DEVELOPMENT INITIATIVES IN THE DISTRICT'S NEIGHBORHOODS THROUGH THE NEIGHBORHOOD-BASED ACTIVITIES PROGRAM. IN FISCAL YEAR 2006, WE PROVIDED \$2.4 MILLION IN FUNDING TO COMMUNITY BASED HOUSING COUNSELING AGENCIES THAT OFFER COMPREHENSIVE COUNSELING TO DISTRICT RESIDENTS. WITH THE HELP OF OUR PARTNERS: CENTRAL AMERICAN RESOURCE CENTER, HOUSING COUNSELING SERVICES, LATINO ECONOMIC DEVELOPMENT CORPORATION, MARSHALL HEIGHTS COMMUNITY DEVELOPMENT ORGANIZATION, UNIVERSITY LEGAL

SERVICES, AND LYDIA’S HOUSE, WE WERE ABLE TO COUNSEL MORE THAN 14,000 RESIDENTS IN FISCAL YEAR 2006. A SIMILAR LEVEL OF SERVICE IS BEING PROVIDED UNDER THIS PROGRAM IN FISCAL YEAR 2007.

IN ADDITION, THE DEPARTMENT AWARDED NEARLY \$1 MILLION TO FOUR (4) COMMUNITY ORGANIZATIONS FOR CRIME REDUCTION AND PREVENTION ACTIVITIES IN “HOT SPOT” AREAS OF THE DISTRICT. THE DEPARTMENT HAS RECENTLY ENTERED INTO GRANT AGREEMENTS WITH FOUR NEW SUB-RECIPIENTS FOR ADDITIONAL CRIME PREVENTION ACTIVITIES IN FISCAL YEAR 2007, AT A PROJECTED COST OF ABOUT \$600,000. OUR CRIME PREVENTION INITIATIVES ARE CONSISTENT WITH THE AGENCY’S HOLISTIC APPROACH TO NEIGHBORHOOD REVITALIZATION. INITIATIVES IN HOT SPOT AREAS COVER A RANGE OF ACTIVITIES, INCLUDING, BUT NOT LIMITED TO: YOUTH MENTORING, CULTURAL ENRICHMENT ACTIVITIES FOR YOUTH, PUBLIC SAFETY EDUCATION FOR FAMILIES, AND COMMUNITY POLICING.

STRATEGY AND COMMUNICATIONS

THE DEPARTMENT REALIZES THE IMPORTANCE OF MAINTAINING AN OPEN LINE OF COMMUNICATION WITH THE COMMUNITY AND ENSURING THAT RESIDENTS HAVE THE OPPORTUNITY TO CONTRIBUTE TO OUR PLANNING

PROCESS. WE ARE COMMITTED TO BOTH SOLICITING INPUT FROM AND PROVIDING TIMELY INFORMATION TO DISTRICT RESIDENTS ABOUT THE DEPARTMENT’S PROGRAMS. THE OFFICE OF STRATEGY AND COMMUNICATION (OSC) SERVES AS THE LEAD DIVISION ON STRATEGIC PLANNING, COMMUNITY OUTREACH, PUBLIC INFORMATION, AND LEGISLATIVE AFFAIRS.

OSC MANAGES THE CONSOLIDATED PLANNING PROCESS, WHICH INCLUDES DEVELOPMENT OF THE DEPARTMENT’S ANNUAL ACTION PLAN, FIVE YEAR CONSOLIDATED PLAN, CITIZEN PARTICIPATION PLAN AND CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT (CAPER). A SIGNIFICANT AMOUNT OF THE DEPARTMENT’S BUDGET IS DERIVED FROM THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (“HUD”). A PREREQUISITE OF RECEIVING THESE FEDERAL FUNDS ARE THE PREPARATION, SUBMISSION AND APPROVAL OF THESE DOCUMENTS TO HUD. THE DEPARTMENT WORKS VERY CLOSELY WITH OUR CLIENT POPULATION, THE COMMUNITY, SISTER AGENCIES, AND OTHER AFFORDABLE HOUSING AND COMMUNITY DEVELOPMENT STAKEHOLDERS TO DEVELOP THESE PLANS.

MORE THAN 3,000 RESIDENTS ATTENDED THE DEPARTMENT’S COMMUNITY OUTREACH ACTIVITIES IN

FISCAL YEAR 2006. IN ADDITION, WE REACHED TENS OF THOUSANDS OF DISTRICT RESIDENTS AND OTHER STAKEHOLDERS THROUGH DIRECT MAILINGS TO EACH WARD, ADVERTISING IN MAINSTREAM AND COMMUNITY-BASED NEWSPAPERS, AND THE DISTRIBUTION OF INFORMATION THROUGH COMMUNITY-BASED ORGANIZATIONS. SPECIFIC ACTIVITIES INCLUDE, BUT ARE NOT LIMITED TO:

- 1. CONDUCTING PUBLIC NEEDS HEARINGS TO RECEIVE INPUT INTO THE DEVELOPMENT OF THE DEPARTMENT'S CONSOLIDATED FIVE YEAR PLAN AND THE ANNUAL ACTION PLAN;**
- 2. ATTENDING AND PROVIDING INFORMATION ABOUT THE AGENCY, OUR PROGRAMS AND OUR SERVICES AT COMMUNITY MEETINGS THROUGHOUT THE CITY;**
- 3. DISCUSSING AGENCY PROGRAMS AND DISTRIBUTING PROGRAM INFORMATION AT VARIOUS VENUES, INCLUDING HOUSING FAIRS, WORKSHOPS AND SEMINARS;**
- 4. WORKING WITH OUR SISTER AGENCIES, INCLUDING THE DC HOUSING AUTHORITY, THE OFFICE OF PLANNING, AND THE DC HOUSING FINANCE AGENCY, TO ENSURE THAT RESIDENTS HAVE OPPORTUNITIES TO LEARN ABOUT THE**

VARIOUS HOUSING PROGRAMS OFFERED BY THE DISTRICT;

- 5. PROVIDING TRAINING SESSIONS TO ADVISORY NEIGHBORHOOD COMMISSIONERS, COMMUNITY-BASED ORGANIZATIONS, AND DC RESIDENTS ON PROGRAMS THAT LEAD TO HOMEOWNERSHIP OPPORTUNITIES;**
- 6. WORKING WITH RESIDENTS TO ENSURE THEIR INCLUSION IN THE PLANNING PROCESSES FOR THE NEW COMMUNITIES AND GREAT STREETS INITIATIVES;**
- 7. REACHING OUT TO RESIDENTS TO ALERT THEM ON THE AGENCY'S PERFORMANCE IN THE DEVELOPMENT OF AFFORDABLE HOUSING BY HOLDING PRESS CONFERENCES TO ANNOUNCE THE DEPARTMENT'S MILESTONES;**
- 8. PUBLISHING NOTICES IN THE DC REGISTER AND ADVERTISING IN MAINSTREAM AND COMMUNITY NEWSPAPERS; AND**
- 9. WORKING IN TANDEM WITH THE NEIGHBORHOOD SERVICES OFFICE TO ENSURE THAT RESIDENTS ARE AWARE OF OUR AGENCY'S PROGRAMS.**

NEW COMMUNITIES

THE DEPARTMENT PROVIDES STAFF AND LOGISTICAL SUPPORT FOR THE NEW COMMUNITIES INITIATIVES. UNDER COORDINATION FROM THE OFFICE OF THE DEPUTY MAYOR FOR PLANNING AND ECONOMIC DEVELOPMENT, THE DEPARTMENT HAS BEEN AND WILL CONTINUE TO ASSIST WITH COMMUNITY OUTREACH, LAND ACQUISITION, AND DEVELOPMENT FOR NEW COMMUNITIES. SINCE THE INCEPTION OF THE NEW COMMUNITIES INITIATIVE, THE DEPARTMENT HAS BEEN WORKING CLOSELY WITH THE INTER-AGENCY TASK FORCE TO ENSURE THAT RESIDENTS FROM EACH OF THE NEW COMMUNITIES REMAIN INVOLVED IN THE PLANNING FOR THEIR RESPECTIVE NEW COMMUNITY. WITH REGARD TO FINANCING, A TOTAL OF \$12 MILLION WAS APPROVED BY THE COUNCIL IN FISCAL YEAR 2006 FOR DEBT SERVICE RELATING TO THE SECURITIZATION OF HOUSING PRODUCTION TRUST FUND ACTIVITIES. THE FUNDING WILL BE USED FOR ACQUISITION AND DEVELOPMENT FINANCING.

GREAT STREETS

THE DEPARTMENT ALSO SUPPORTS THE GREAT STREETS INITIATIVE AND WILL CONTINUE TO WORK WITH OUR SISTER AGENCIES COLLABORATIVELY IN THIS REGARD.

MOST OF THE “GREAT STREETS” ARE LOCATED ALONG CORRIDORS WHERE THE DEPARTMENT IS FUNDING HOUSING INITIATIVES.

COMPREHENSIVE HOUSING STRATEGY TASK FORCE

MANY OF THE DEPARTMENT’S PROGRAMS, ACTIVITIES AND SUCCESSES ARE IN LINE WITH THE RECOMMENDATIONS MADE BY THE COMPREHENSIVE HOUSING STRATEGY TASK FORCE. THE TASK FORCE HAS MADE RECOMMENDATIONS REGARDING PRESERVING AFFORDABLE HOUSING UNITS, ENSURING THAT A PORTION OF ALL NEW UNITS ARE AFFORDABLE, INCREASING THE HOMEOWNERSHIP RATE, LEVERAGING PUBLIC AND PRIVATE FUNDS TO DEVELOP MIXED-INCOME COMMUNITIES, AND INTEGRATING HOUSING FOR SPECIAL NEEDS POPULATIONS. THE SUCCESSES DESCRIBED EARLIER ALL SUPPORT THESE TASK FORCE RECOMMENDATIONS.

THE DEPARTMENT LOOKS FORWARD TO WORKING WITH AND THROUGH THE NEWLY-APPOINTED AFFORDABLE HOUSING CHIEF AS WE CONTINUE TO IMPLEMENT THE TASK FORCE RECOMMENDATIONS.

CHALLENGES

THE DEPARTMENT HAS ACCOMPLISHED A GREAT DEAL IN FISCAL YEAR 2006 AND FISCAL YEAR 2007 TO DATE, BUT WE STILL FACE MANY CHALLENGES. TODAY I WILL HIGHLIGHT FOUR OF THE MOST SIGNIFICANT MATTERS FACING THE DEPARTMENT.

- 1. TO MEET THE INCREASING DEMAND FROM THE AFFORDABLE HOUSING DEVELOPERS FOR THE DEPARTMENT'S GAP FINANCING, THE DEPARTMENT INTENDS TO FURTHER STREAMLINE THE RFP PROCESS, AS WELL AS, INCREASE ITS UNDERWRITING CAPACITY IN FISCAL YEAR 2007.**
- 2. THE DEPARTMENT WILL CONTINUE TO MONITOR THE DEMANDS ON THE HOUSING PRODUCTION TRUST FUND. THE TRUST FUND, WHICH IS FUNDED BY A PORTION OF THE DISTRICT'S DEED RECORDATION AND TRANSFER TAXES, IS UNDERSTANDABLY NOT AN UNLIMITED SOURCE OF FUNDING, NOR IS THE AMOUNT TO BE RECEIVED EACH YEAR GUARANTEED.**

IN ORDER TO ADDRESS THIS CHALLENGE, THE DEPARTMENT WILL DO TWO THINGS:

- (1) SEEK TO MAXIMIZE THE USE OF OTHER GOVERNMENTAL FUNDING SOURCES, AND**
 - (2) MAXIMIZE THE DEPARTMENT’S LEVERAGING OF PUBLIC FUNDS WITH PRIVATE INVESTMENTS.**
- 3. THE DEPARTMENT WILL CONTINUE TO DO MORE TO ASSIST THE HOMELESS. THE DEPARTMENT IS WORKING CLOSELY WITH THE DEPARTMENT OF HUMAN SERVICES, OUR SISTER HOUSING AGENCIES, THE DEPUTY MAYOR FOR PLANNING AND ECONOMIC DEVELOPMENT, THE CITY ADMINISTRATOR AND THE MAYOR TO DEVISE A PLAN TO ADDRESS THE HOUSING NEEDS OF THE CHRONICALLY HOMELESS IN THE DISTRICT.**
- 4. THE DEPARTMENT WILL CONTINUE TO PROVIDE HOMEOWNERSHIP OPPORTUNITIES FOR LOW-TO-MODERATE INCOME RESIDENTS – THROUGH BOTH HOMEBUYER ASSISTANCE AND MULTI-FAMILY DEVELOPMENT FINANCING PROGRAMS. THE RAPID GROWTH IN THE COST OF HOUSING IN THE DISTRICT CONTINUES TO MAKE IT DIFFICULT FOR LOW- TO MODERATE-INCOME RESIDENTS TO PURCHASE A HOME. THE DEPARTMENT FUNDED MORE THAN 900 UNITS IN FISCAL YEAR 2006 THROUGH OUR MULTI-FAMILY HOUSING PROGRAM. ADDITIONALLY, THE DEPARTMENT**

**PROVIDED DIRECT ASSISTANCE TO 278 INDIVIDUAL
HOUSEHOLDS TO HELP THEM BECOME HOMEOWNERS.**

MOVING FORWARD

**THE DEPARTMENT IS FOLLOWING UP ON SEVERAL MATTERS
DISCUSSED WITH CHAIRMAN BARRY. FOR EXAMPLE, DHCD
IS PLANNING TO DO MORE OUTREACH TO COMMUNITIES
THAT ARE HEAVILY AFFECTED BY APARTMENT BUILDINGS
BEING SOLD BY THEIR OWNERS. WE PLAN TO HOLD TWO
TRAINING SESSIONS IN MARCH FOCUSED ON INFORMING
RESIDENTS ABOUT THE DEPARTMENT'S TENANT FIRST
RIGHT TO PURCHASE PROGRAMS. WE WILL ALSO HOLD
ADDITIONAL TRAINING SESSIONS AND UTILIZE PUBLIC
SERVICE ANNOUNCEMENTS TO REACH RESIDENTS THAT
MAY BE AFFECTED BY THE SALE OF THEIR APARTMENT
BUILDING.**

CONCLUSION

**THE DEPARTMENT HAS BEEN WORKING DILIGENTLY AND
CREATIVELY TO MEET THE AFFORDABLE HOUSING AND
COMMUNITY DEVELOPMENT NEEDS OF OUR LOW AND
MODERATE-INCOME LONG-TIME RESIDENTS. IN FISCAL
YEAR 2007, WE WILL CONTINUE TO DEVELOP INNOVATIVE
METHODS TO MEET THE CHALLENGES WE FACE. WE ARE**

**PROUD OF OUR ACCOMPLISHMENTS TO DATE, AND WE
LOOK FORWARD TO CONTINUED PROGRESS IN ACHIEVING
OUR MISSION.**

**CHAIRMAN BARRY, THIS CONCLUDES MY TESTIMONY. MY
STAFF AND I ARE AVAILABLE TO ANSWER ANY QUESTIONS
THAT YOU OR MEMBERS OF THE COMMITTEE MAY HAVE.
THANK YOU.**